

PAYMENTS ASSOCIATION OF SOUTH AFRICA

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2023



With a legacy of over 25 years, PASA, as the trusted Payment System Management Body in South Africa, has been instrumental in driving the payments agenda forward.

As we embark on a transition toward a new and more inclusive Payments Industry Body, our commitment remains to fulfilling our mandate and continuing our critical role in shaping South Africa's payments landscape.

GENERAL INFORMATION

Country of incorporation and domicile

South Africa

Nature of business and principal activities

The Payments Association of South Africa (PASA) was established with the objective to organise, manage and regulate all matters affecting interbank payments and payments clearing and settlement of interbank obligations within the payments system and operates in South Africa.

Registered office

1st Floor, Building D
Sunnyside Office Park
32 Princess of Wales Terrace
Parktown
2193

Business address

1st Floor, Building D
Sunnyside Office Park
32 Princess of Wales Terrace
Parktown
2193

Postal address

P.O. Box 61380
Marshalltown
2107

Bankers

First National Bank Ltd

Investec Bank Limited

Auditors

Moore Infinity Incorporated
Chartered Accountants (SA)
Registered Auditors
Partner: B Wilters CA(SA) RA

Company Secretary

Nadine Bahm

Income tax reference number

9036/767/19/3

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the PASA Constitution.

Preparer

The annual financial statements were independently compiled by Reporting Partners Proprietary Limited under the supervision of Cosmore Pariola.

Date issued

31 May 2024

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The reports and statements set out below comprise the annual financial statements presented to the Members:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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PASA COUNCIL'S RESPONSIBILITIES AND APPROVAL

The Governing Body of PASA, PASA Council, is required by the PASA Constitution, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of PASA as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities and the Constitution of PASA. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

PASA Council acknowledges that they are ultimately responsible for the system of internal financial controls established by PASA Council and place considerable importance on maintaining a strong control environment. To enable PASA Council to meet these responsibilities, PASA Council sets standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout PASA, and all employees are required to maintain the highest ethical standards in ensuring PASA's business is conducted in a manner that, in all reasonable circumstances, is above reproach. Risk management in PASA focuses on identifying, assessing, managing and monitoring all known forms of risk across PASA. While operating risk cannot be fully eliminated, PASA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

PASA Council is of the opinion, based on the information and explanations given by management, that the system of internal controls provide reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

PASA Council has reviewed the Association's budget for the year to 31 December 2024 and, in the light of this review and the current financial position, they are satisfied that the Association has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Association's annual financial statements. The annual financial statements have been examined by the Association's external auditor and their report is presented on page 4.

The annual financial statements set out on pages 5 to 12, which have been prepared on the going concern basis, were approved by the PASA Council on 31 May 2024 and were signed on its behalf by:



Sydney Gericke
Chairperson



Ghita Erling
Chief Executive Officer

PASA COUNCIL'S REPORT

PASA Council has pleasure in submitting their report on the annual financial statements.

1. Nature of business

PASA was established in accordance with the terms and provisions of its Constitution, on 15 August 1996, by the South African banking industry in conjunction with the South African Reserve Bank (SARB), to act in the interests of the National Payment System (NPS) with the primary objective to organise, manage and regulate all matters affecting interbank payments and payments clearing and settlement of interbank obligations within the NPS. The Association operates in South Africa.

There have been no material changes to the nature of the Association's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the PASA Constitution. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations, and cash flows of the Association are set out in these annual financial statements.

3. PASA Council

The Independent Councillors in office during 2023 are as follows:

Sydney Gericke	(Independent Chair)
Ingrid Goodspeed	(Independent Deputy Chair)
Herman Singh	(Independent Councillor)
Fay Mukaddam (appointed June 2023)	(Independent Councillor)
Thami Moatshe (appointed June 2023)	(Independent Councillor)

The Member elected Councillors in office during 2023 are as follows:

Principal Councillors	Alternate Councillors
John Anderson	Rufaida Hamilton
Megan Brown	
Ian Carter	Marijke Guest
Busi Radebe	Marthinus Janse van Rensburg
John Elliott	Gerald Byleveld
Jill Murtagh	Nolwazi Dlamini (resigned June 2023)
Charl Smedley (resigned October 2023)	
Richard Stocken (appointed December 2023)	Gabriella Teixeira
Ex-officio Councillors	Alternate Councillors
Tim Masela (non-voting)	Shaun Rayfield (non-voting)
Ghita Erling (voting)	

PASA Council's Report continued

4. Significant matters

The SARB issued a 'no objection' to the Payments Industry Body (PIB) design report submitted to the SARB outlining the industry-approved design for a new entity, for now called the PIB. The key purpose of the PIB will be to ensure interoperability of the NPS, through collaboration and cooperation among all participants in the payments landscape. The PASA legal entity will ultimately become the PIB. Transition planning work is currently in progress, but until the Conduct of Financial Institutions (CoFI) Bill has been promulgated, PASA continues to operate as required by the current National Payment System Act and its Constitution.

5. Events after the reporting period

PASA Council is not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

The annual financial statements have been prepared on the going concern basis. PASA Council believes that PASA has adequate financial resources to continue in operation for the foreseeable future. PASA Council has satisfied themselves that PASA is in a sound financial position and capable of meeting its foreseeable cash requirements. PASA Council has considered the impending legislative changes relating to regulatory reform in the NPS and the potential changes to PASA arising from the General Laws Amendment (Omnibus) Bill promulgation. Further, PASA Council has considered the transition of PASA to the PIB which would be triggered by consequential amendments to the National Payment Systems Act brought about through the promulgation of the CoFI Bill.

PASA Council is of the view that neither will have an adverse impact on PASA as a going concern. PASA Council notes, however, that a consequence of these changes is that the PIB will be established. It is not anticipated that this will take place in the coming reporting period. The Councillors are also not aware of any material non-compliance with statutory or regulatory requirements.

7. Company Secretary

Helen Peace was the Company Secretary until April 2023. PASA procured Company Secretariat services with FluidRock from June 2023 until the appointment of Nadine Bham as the Company Secretary in December 2023.



INDEPENDENT AUDITOR'S REPORT

To the Council of The Payments Association of South Africa (PASA Council)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Payments Association of South Africa (PASA) set out on pages 5 to 12, which comprise the Statement of Financial Position as at 31 December 2023, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Payments Association of South Africa (PASA) as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the PASA Constitution.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Governing Body of PASA, PASA Council, is responsible for the other information. The other information comprises the information included in the document titled 'The Payments Association of South Africa Annual financial statements for the year ended 31 December 2023', which includes the PASA Council's Report as required by the Constitution, the Supplementary Information Note 1: Deferred income analysis, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of PASA Council for the financial statements

PASA Council is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and the requirements of the Constitution, and for such internal control as PASA Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, PASA Council is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless PASA Council either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

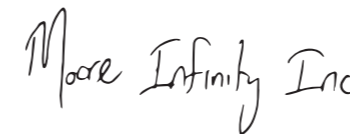
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by PASA Council.
- Conclude on the appropriateness of PASA Council's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with PASA Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Moore Infinity Incorporated
Director: **B Wilters CA(SA)**
Registered Auditor

31 May 2024
Johannesburg

STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Notes	2023 R	2022 R
Assets			
Non-current assets			
Property, plant and equipment	2	2 010 242	1 920 816
Intangible assets	3	1 304 964	926 153
Other financial assets	4	32 837 732	26 907 610
		36 152 938	29 754 579
Current assets			
Trade and other receivables	5	4 497 715	2 992 231
Other financial assets	4	2 114 718	1 833 963
Cash and cash equivalents	6	43 614 925	34 945 003
		50 227 358	39 771 197
Total assets		86 380 296	69 525 776
Equity and liabilities			
Equity			
Accumulated funds		35 270 546	22 437 055
Liabilities			
Non-current liabilities			
Other financial liabilities	8	34 337 730	28 407 610
Current liabilities			
Trade and other payables	7	5 965 291	8 598 804
Other financial liabilities	8	2 114 718	1 833 963
Deferred income	9	8 692 011	8 248 344
		16 772 020	18 681 111
Total liabilities		51 109 750	47 088 721
Total equity and liabilities		86 380 296	69 525 776

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Notes	2023 R	2022 R
Revenue	10	123 752 200	118 058 574
Other income	11	10 809 656	1 206 906
Operating expenses		(128 399 254)	(121 819 174)
Operating surplus/(deficit)	12	6 162 602	(2 553 694)
Investment revenue	13	6 670 889	4 498 279
Loss on sale of fixed assets		–	(22 500)
Surplus for the year		12 833 491	1 922 085

STATEMENT OF CHANGES IN EQUITY

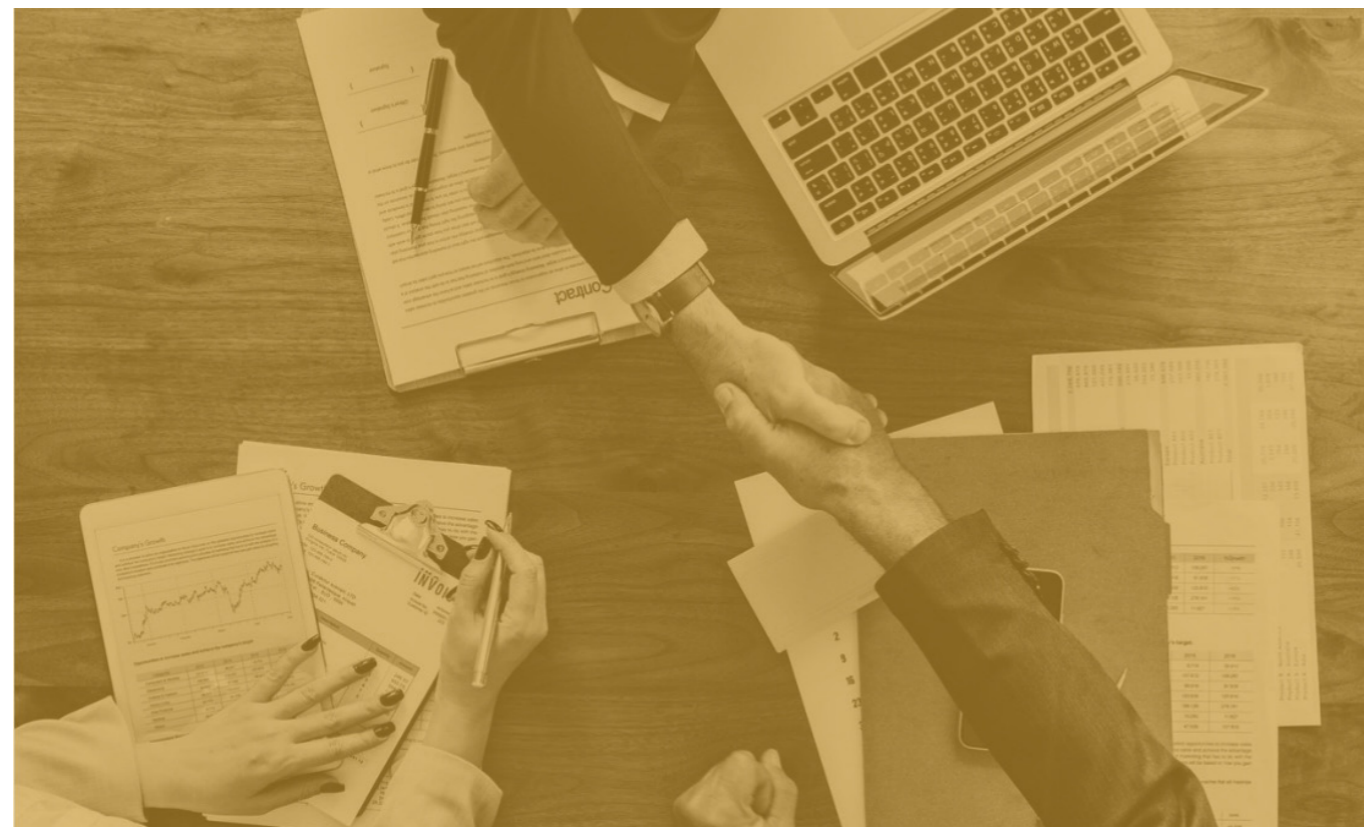
for the year ended 31 December 2023

	Accumulated funds R	Total equity R
Balance at 01 January 2022	20 514 970	20 514 970
Surplus for the year	1 922 085	1 922 085
Balance at 01 January 2023	22 437 055	22 437 055
Surplus for the year	12 833 491	12 833 491
Balance at 31 December 2023	35 270 546	35 270 546

STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Notes	2023 R	2022 R
Cash flows from operating activities			
Cash generated from operations	16	9 837 625	17 879 790
Investment income	13	6 670 889	4 498 279
Net cash from operating activities		16 508 514	22 378 069
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1 063 644)	(1 069 580)
Disposal of property, plant and equipment	2	–	32 835
Acquisition of software developed in-house	3	(378 811)	(926 153)
Acquisition of investments		(10 471 948)	(14 569 892)
Withdrawal of investments		4 075 811	1 366 826
Net cash from investing activities		(7 838 592)	(15 165 964)
Cash flows from financing activities			
Total cash movement for the year		8 669 922	7 212 105
Cash at the beginning of the year		34 945 003	27 732 898
Total cash at end of the year	6	43 614 925	34 945 003



ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and PASA Constitution. The annual financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the organisation holds for its own use which are expected to be used for more than one period. An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the organisation, and the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost. Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write-off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the organisation. The depreciation charge for each period is recognised in profit or loss.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	4 years
Security equipment	Straight line	5 years

Depreciation is not charged to an asset if its estimated residual value exceeds, or is equal to, its carrying amount.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item is included in profit or loss when the item is derecognised.

1. Basis of preparation and summary of significant accounting policies (continued)

1.2 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses. Intangible assets on the balance sheet are the Member Portal.

Research and development costs, for example, relating to the Member Portal, are recognised as expensed in the period incurred.

In cases where management is unable to make a reliable estimate of the useful life of an intangible asset, its best estimate is applied, limited to 10 years. As the asset is not brought into use, no amortisation was recognised in the current year.

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables, trade payables and cash and cash equivalents. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost, using the effective interest method. Debt instruments, which are classified as current assets or current liabilities, are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Provision for bad and doubtful debts

Receivables that are considered irrecoverable or doubtful are written off or provided for in full or in part according to the policy for doubtful and bad debts. Debtors outstanding for more than 180 days are written off or provided for in full.

Write-offs or provisions are recognised in the Income Statement or Deferred Income depending on where the income was originally recognised. Any future recoveries against these receivables or provisions will result in the income or deferred income being recognised again.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

Long-term incentive scheme

Refer to Note 4 for details on the long-term incentive scheme (LTI).

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- Another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- The payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.5 Impairment of assets

PASA assesses, at each reporting date, whether there is any indication that property, plant and equipment or intangible assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of related assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.7 Provisions and contingencies

Provisions are recognised when PASA has an obligation at the reporting date as a result of a past event; it is probable that PASA will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.8 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services provided in the normal course of business, net of value added tax.

Revenue comprises of net contributions from Members for Payment Clearing House agreements and membership, System Operator activations and annual renewals and PASA Membership subscriptions in terms of the PASA Constitution.

Revenue is recognised in the income statement in proportion to the period to which membership subscriptions relate.

1. Basis of preparation and summary of significant accounting policies (continued)

1.9 Other income

Training income is recognised as other income in the income statement in proportion to the expenses incurred in providing training to PASA Members and non-Members. Excess income received is recognised as deferred income for all future periods.

Non-compliance penalty income is recognised as other income in the income statement in proportion to the expenses incurred. The excess income received is recognised as deferred income for all future periods.

Conference income is recognised as other income in the income statement in proportion to the expenses incurred in providing the conferences to PASA Members and non-Members. Excess income received is recognised as deferred income.

The total non-compliance penalty, training and conference net income for the period is transferred to deferred income. A summary of the movements in the deferred income balances is reflected in the Supplementary Note of these annual financial statements.

PASA Council determined that a holistic approach to the utilisation of the Deferred Income Reserves (including all three income streams; non-compliance penalties, training and conferencing) be adopted. The Deferred Income Reserves can only be used for the purposes of:

- Capacity building, education and training, including the appointment of interns to undergo payments training for a stipulated period;
- Research on matters such as new or emerging technologies, modernisation of payments, blockchain, etc., as well as new risk or risk mitigation measures and related legal developments, which research would include the development of papers on such aspects; and
- Projects, where such projects would be for the good of the NPS.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.10 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

- Useful lives of property, plant and equipment

PASA reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed significantly since the most recent reporting date. During the current year, management determined that the useful lives are appropriate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

2. Property, plant and equipment

	2023			2022		
	Cost R	Accumulated depreciation and impairment R	Carrying value R	Cost R	Accumulated depreciation and impairment R	Carrying value R
Furniture and fixtures	1 654 912	(1 522 317)	132 595	1 654 912	(1 313 984)	340 928
Office equipment	1 849 446	(1 163 563)	685 883	1 537 094	(891 346)	645 748
IT equipment	3 620 376	(2 536 827)	1 083 549	2 869 084	(2 096 666)	772 418
Security equipment	300 341	(192 126)	108 215	300 341	(138 619)	161 722
Total	7 425 075	(5 414 833)	2 010 242	6 361 431	(4 440 615)	1 920 816

Reconciliation of property, plant and equipment

	Opening balance R	Additions R	Depreciation R	Closing balance R	
2023					
Furniture and fixtures	340 928	–	(208 333)	132 595	
Office equipment	645 748	312 352	(272 217)	685 883	
IT equipment	772 418	751 292	(440 161)	1 083 549	
Security equipment	161 722	–	(53 507)	108 215	
	1 920 816	1 063 644	(974 218)	2 010 242	
	Opening balance R	Additions R	Disposals R	Depreciation R	Closing balance R
2022					
Furniture and fixtures	566 600	–	–	(225 672)	340 928
Office equipment	378 251	453 080	–	(185 583)	645 748
IT equipment	744 951	488 948	(55 335)	(406 146)	772 418
Security equipment	81 300	127 552	–	(47 130)	161 722
	1 771 102	1 069 580	(55 335)	(864 531)	1 920 816



3. Intangible assets

	2023			2022		
	Cost R	Accumulated amortisation and impairment R	Carrying value R	Cost R	Accumulated amortisation and impairment R	Carrying value R
Member Portal	1 304 964	–	1 304 964	926 153	–	926 153

Reconciliation of intangible assets – 2023

	Opening balance R	Additions R	Closing balance R
Member Portal	926 153	378 811	1 304 964

Reconciliation of intangible assets – 2022

	Opening balance R	Additions R	Closing balance R
Member Portal	–	926 153	926 153

Costs incurred in the new Member Portal build have been capitalised. These have not been amortised as the Member Portal build is in progress and the asset is not yet in use.

4. Other financial assets

At fair value

	2023 R	2022 R
Glacier Investment Plan – vested portion	2 114 718	1 833 963
Glacier Investment Plan – non-vested portion	32 837 732	26 907 610
	34 952 450	28 741 573
Non-current assets		
Designated at fair value through profit/loss	32 837 732	26 907 610
Current assets		
Designated at fair value through profit/loss	2 114 718	1 833 963
	34 952 450	28 741 573

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

Glacier Investment Plan – vested portion

The investment consists of incentive bonuses vested and payable to the employees within 12 months from the balance sheet date.

Glacier Investment Plan – non-vested portion

The investment consists of incentive bonuses granted to employees which do not vest in the 12 months after the balance sheet date.

Long-term incentive scheme

The LTI scheme provides for retention bonuses to key management and a once-off PIB-related retention LTI. The LTI vesting periods are as follows: 33% of the bonus allocation vests 3 years after the grant date, 33% vests 4 years after the grant date and the balance vests 5 years after the grant date. Payment is made to employees immediately after vesting date. Furthermore, the allocation is forfeited if the employee leaves the entity before vesting and the amount forfeited immediately vests as an investment for PASA.

The once-off PIB-related retention LTI was granted under the following conditions:

- The LTI will be allocated to individual Glacier Investment Funds on the first day of operations of the PIB (PIB effective date). The reason for this is that the SARB still formally needs to pronounce on the effective date. Should the PIB not be established, for whatever reason, then no LTI will be allocated to the employees and employees will have no claim against PASA.
- The full LTI will vest and become payable two calendar years after the PIB effective date on condition that the employee is still employed by the PIB.

Long-term incentive reserve

A LTI reserve is funded annually as part of the budgeting process. The reserve may be used for LTI purposes such as to retain key employees, incentivise medium to long term high-performance and to support sign-on bonuses for scarce skills. This has been retained as restricted funds in medium-term deposits in cash in bank.

5. Trade and other receivables

	2023 R	2022 R
Trade receivables	61 523	653 268
Prepaid expenses	51 631	67 331
Lease deposit	440 581	434 466
VAT	3 940 026	1 721 289
Sundry debtors	3 954	115 877
	4 497 715	2 992 231

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	32 773 975	6 756 405
Short-term deposits	10 492 724	13 460 806
Medium-term deposits	348 226	14 727 792
	43 614 925	34 945 003

7. Trade and other payables

Trade payables	7 364	–
Accrued leave-pay	3 148 439	2 547 099
Other payables	322 286	536 724
Accrued expense	2 487 202	3 166 103
Other payables – PAYE	–	2 348 878
	5 965 291	8 598 804

8. Other financial liabilities

At fair value

	2023 R	2022 R
Long-term incentive scheme – vested portion	2 114 718	1 833 963
Long-term incentive scheme – non-vested portion	24 648 135	19 394 543
PIB long-term incentive scheme – non-vested portion	9 689 595	9 013 067
	36 452 448	30 241 573

Non-current liabilities

At fair value	34 337 730	28 407 610
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Current liabilities

At fair value	2 114 718	1 833 963
	36 452 448	30 241 573

Long-term incentive scheme – vested portion

The liability consists of the vested portions of the LTI which are payable to qualifying LTI recipients for an incentive bonus. The liability is recognised as the fair value of the investment it relates to. Refer to other financial assets for more details regarding the investments.

Long-term incentive scheme – non-vested portion

This liability consists of the non-vested portions of the LTI which are payable to qualifying LTI recipients for an incentive bonus. The liability is recognised as the present value of the amounts payable to the employees in future.

The fair values of the financial liabilities were determined as being equal to their carrying value.

9. Deferred income

	2023 R	2022 R
Non-compliance penalties	5 613 941	5 173 381
Industry training	2 499 045	3 007 141
PASA International Payments Conference	579 025	67 822
	8 692 011	8 248 344

10. Revenue

Membership subscriptions	122 650 326	117 168 174
PCH agreements and membership	189 000	107 000
System operator activations and annual renewals	912 874	783 400
	123 752 200	118 058 574

10.1 Membership subscriptions

In accordance with PASA Constitution all income and assets of PASA, however derived, shall be applied wholly towards the promotion of the objectives of PASA. No portion of the income and assets is transferrable, directly or indirectly, to the Members or any other person.

11. Other income

Foreign exchange gain	–	83 151
Training income recognised (See note 1.9 on page 8)	4 407 985	998 242
Conference income (See note 1.9 on page 8)	6 374 071	97 305
Other income	27 600	28 208
	10 809 656	1 206 906

12. Operating surplus/(deficit)

Operating surplus/(deficit) for the year is stated after accounting for the following:

Operating lease charges

Premises		
– Contractual amounts	882 061	1 170 820
Property, plant and equipment		
– Contractual amounts	206 250	452 479
	1 088 311	1 623 299
Loss on exchange differences	32 165	–
Depreciation on property, plant and equipment	974 218	864 531
Employee costs	87 135 541	79 568 554

13. Investment revenue

Interest received	6 670 889	4 498 279
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14. Taxation

PASA is exempt from income tax under Section 10(1)(cA)(i) of the Income Tax Act, 58 of 1962. PASA needs to comply with requirements annually to retain its exempt status.



	2023 R	2022 R
15. Auditor's remuneration		
Audit fees	145 000	137 857
Other	20 809	2 500
	165 809	140 357
16. Cash generated from operations		
Surplus for the year	12 833 491	1 922 085
Adjustments for:		
Depreciation	974 218	864 531
Loss on sale of fixed assets	–	22 500
Non-cash flow items liability (salary allocations and fair value adjustments)	6 210 875	16 121 757
Non-cash flow items investments (allocations and fair value adjustments)	185 260	(227 292)
Interest received	(6 670 889)	(4 498 279)
Changes in working capital:		
Trade and other receivables	(1 505 484)	6 103 403
Trade and other payables	93 207	(6 032 342)
Deferred income	(2 283 053)	3 603 427
	9 837 625	17 879 790
17. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	1 487 563	912 055
– 5 months in 2025	619 818	–
	2 107 381	912 055
18. Independent Councillors		
Sydney Gericke (Independent Chair)		
Ingrid Goodspeed (Independent Deputy Chair)		
Herman Singh (Independent Councillor)		
Thami Moatshe (Independent Councillor)		
Fay Mukaddam (Independent Councillor)		
	2023 R	2022 R
Compensation paid to Independent Councillors		
– For PASA Council duties	2 287 322	1 462 850
– For PIB project delivery	14 564	206 706
– For assistance on the Member Portal	61 896	25 578
– Independent Councillors remuneration	2 363 782	1 695 134
19. Compensation paid to key management		
Key management remuneration	27 008 227	22 948 227

20. Going concern

The annual financial statements have been prepared on the going concern basis. PASA Council believes that PASA has adequate financial resources to continue in operation for the foreseeable future. PASA Council has satisfied themselves that PASA is in a sound financial position and capable of meeting its foreseeable cash requirements. PASA Council has considered the impending legislative changes relating to regulatory reform in the NPS and the potential changes to PASA arising from the CoFI and Omnibus Bills.

PASA Council is of the view that neither will have an adverse impact on PASA as a going concern. PASA Council notes, however, that a consequence of these changes is that the PIB will be established. It is not anticipated that this will take place in the coming reporting period. The Councillors are also not aware of any material non-compliance with statutory or regulatory requirements.

21. Significant matters

The SARB issued a 'no objection' to the PIB design report submitted to the SARB outlining the industry-approved design for a new entity, for now called the PIB. The key purpose of the PIB will be to ensure interoperability of the NPS, through collaboration and cooperation among all participants in the payments landscape. The PASA legal entity will ultimately become the PIB. Transition planning work is currently in progress, but until the CoFI Bill has been promulgated, PASA continues to operate as required by the current National Payment System Act and its Constitution.

22. Events after the reporting period

PASA Council is not aware of any material event which occurred after the reporting date and up to the date of this report.

23. Related parties

Relationships

Independent councillor – H. Singh

Related party balances and transactions with entities with control, joint control or significant influence over the company

	2023 R	2022 R
Related party transactions		
Assistance on the Member Portal		
H. Singh	61 896	25 578



SUPPLEMENTARY INFORMATION

Note 1: Deferred income analysis

	2023 R	2022 R
Non-compliance penalties		
Opening balance	5 173 381	2 982 381
Income received for the year	500 000	1 600 000
Doubtful debts recovered (See note 1.3)	–	591 000
Expense	(59 440)	–
Closing balance	5 613 941	5 173 381
Training: industry		
Opening balance	3 007 141	1 497 409
Income received for the year	4 407 985	2 507 974
Expenses incurred triggering the release of deferred income	(4 916 081)	(998 242)
Closing balance	2 499 045	3 007 141
PASA International Payments Conference		
Opening balance	67 822	165 127
Income received for the year	6 885 274	–
Expenses incurred triggering the release of deferred income	(6 374 071)	(97 305)
Closing balance	579 025	67 822
Total deferred income at the end of the year	8 692 011	8 248 344

The supplementary information presented does not form part of the annual financial statements and is unaudited.



**PAYMENTS ASSOCIATION
OF SOUTH AFRICA**

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023